

## Message Text

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ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 EB-11 OMB-01 IO-14 COME-00

CIAE-00 PM-07 INR-10 L-03 NSAE-00 PA-04 RSC-01 PRS-01

SPC-03 USIA-15 TRSE-00 SAJ-01 SS-20 NSC-10 ACDA-19

DRC-01 /157 W

----- 085070

P R 262210Z NOV 73

FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 2881

SECDEF WASHDC PRIORITY

INFO ALL NATO CAPITALS 3486

AMEMBASSY ATHENS

C O N F I D E N T I A L USNATO 5713

E.O. 11652: GDS, 12/31/79

TAGS: MCAP, EFIN, PFOR, NATO

SUBJECT: BURDENSARING

BONN TAKE AS PRIORITY ACTION

REF: A) STATE 231268; B) STATE 231357 C) USNATO 5437

MISSION BELIEVES PROSPECTIVE OPPORTUNITY OFFERED BY UPCOMING  
MINISTERIAL DICTATES WISDOM OF MOVING ON WEDNESDAY WITH PROPOSAL  
IN NAC SO IT CAN LEAD TO CONCRETE DISCUSSION BY MINISTERS IN DECEMBER

REF B WOULD BE A POSSIBLE FALLBACK POSITION IF FULL GERMAN OFFSET  
ULTIMATELY UNOBTAINABLE. MISSION INTENDS TO PROCEED IN NAC NOV. 28  
WITH PROPOSAL BASED ON REF A AND RECOMMENDS NOT SPEAKING TO FRG  
ALONG LINES REF B AT THIS TIME. END SUMMARY.

1. IT SHOULD BE HELPFUL, EVEN AT THIS POINT, TO HAVE THE SPECIFIC  
BURDENSARING PROPOSAL IN REFERENCE A ILLUSTRATING HOW MUCH AND IN  
WHAT FORM US SUGGESTS AS CONTRIBUTION BY NATO ALLIES TO MEET  
REQUIREMENTS IMPOSED UPON US BY JACKSON-NUNN AMENDMENT.  
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2. THERE WOULD BE A CERTAIN NEATNESS IN DELAYING PRESENTATION OF  
A SPECIFIC PROPOSAL UNTIL WE HAVE UNTANGLED UNRESOLVED QUESTIONS  
POINTED UP BY REFERENCE B:

(A) WHEHTER THE FRG WILL ULTIMATELY AGREE TO 100 PERCENT OFFSET IN BILATERAL, OR MAINTAIN POSITION THAT PRESENT OFFER OF APPROXIMATELY 50 PERCENT OFFSET IS MAXIMUM TO BE EXPECTED FROM GERMANY;

(B) WHAT TYPES OF EXPENDITURES BY OUR ALLIES WILL BE CONSIDERED QUALIFYING OFFSETS UNDER TERMS OF THE JACKSON-NUNN AMENDMENT;

(C) WHETHER OUR ESTIMATED EXPENDITURES FOR FY 1974 ARE NOW ACCURATE OR WHETHER THEY MIGHT BE REVISED DURING THE COURSE OF THE YEAR.

3. THERE IS, ON THE OTHERHAND, A COMPELLING LOGIC TO PROCEED NOW WITH SPECIFIC PROPOSALS WHICH OUR ALLIES CAN CONSIDER IN CAPITALS BETWEEN NOW AND THE DECEMBER MINISTERIALS AND THUS BE PREPARED TO DISCUSS WITH SECDEF AND SECSTATE AT THAT TIME:

(A) WE WILL BE IN A BETTER POSITION TO TAKE ADVANTAGE OF THE OPPORTUNITY OF THE MINISTERIALS TO PROVIDE MOMENTUM;

(B) ALLIES WILL KNOW BETTER WHAT IS REQUIRED OF THEM ACCORDING TO OUR PRESENT EXPENDITURE ESTIMATES IF WE OBTAIN 100 PERCENT OFFSET FROM THE FRG;

(C) THEY WILL BE ABLE TO QUANTIFY THE ADDITIONAL COST TO THEM FROM ANY GERMAN SHORTFALL AND WILL HAVE AN INCENTIVE TO PLACE A EUROPEAN PRESSURE ON THE FRG;

(D) A SPECIFIC PROPOSAL WILL BE BEFORE THE ALLIES BEFORE OUR MOVE FAVORABLE TRADE AND BOP FIGURES FOR CY 1973 ARE PUBLISHED;

(E) ANY SUBSEQUENT MILITARY EXPENDITURE ESTIMATES SHOULD BE REVISIONS DOWNWARD, AND THEREFORE WOULD NOT CAUSE PROBLEMS WITH OUR ALLIES.  
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4. WE BELIEVE THE BEST COURSE IS TO MOVE NOW AND LAY OUR PROPOSAL (REF A) BEFORE OUR ALLIES AT THE NOVEMBER 28 NAC. WE WILL MAKE CLEAR THAT THE PROPOSAL IS BASED ON 100 PERCENT OFFSET FROM THE GERMAN BILATERAL, AND THAT WITH THE JACKSON-NUNN AMENDMENT US LAW, ANY SHORTFALL MUST BE TAKEN UP BY ALLIES IN SOME FORM IF US TROOP LEVELS ARE TO BE MAINTAINED. IN THE MEANTIME, BONN SHOULD ABSOLUTELY NOT TALK TO THE FRG ALONG THE LINES OF REFERENCE B. THIS APPROACH SHOULD HELP TO ACHIEVE SOME FORWARD MOVEMENT BY THE DECEMBER MINISTERIAL AND INDUCE PRESSURE ON GERMANY BY OUR OTHER ALLIES. THE PROCEDURE OUTLINED IN REFERENCE B MIGHT LATER BE USEFUL AS A FALLBACK POSITION IF THE GERMANS ARE ADAMANT IN NOT INCREASING THEIR BILATERAL OFFER BUT WOULD BE USEFUL IN EXERTING SOME PRESSURE ON THE OTHER ALLIES TO INCREASE THEIR MILITARY PROCUREMENT IN THE US.

5. WITH RELATION TO ONE OF THE PROPOSALS IN REFERENCE A, IT SHOULD BE NOTED THAT THE \$200 MILLION INCREASE IN MILITARY PROCUREMENT SOUGHT COULD BE PROVIDED WITHOUT MUCH CHANGE IN ALLIED BUDGETS. AS POINTED OUT IN REFERENCE C, THE UK AND ITALIAN DPQ REPLIES ESTIMATE THEIR CY 1974 MILITARY PROCUREMENT IN THE US AT \$265 MILLION AND \$174 MILLION RESPECTIVELY RATHER THAN THE \$202 MILLION AND \$92 MILLION CARRIED IN REFERENCE A. IN ADDITION, THE NETHERLANDS NOW ESTIMATES PROCUREMENT AT \$94 MILLION INSTEAD OF THE \$61 MILLION CARRIED IN REFERENCE A, AND DENMARK HAS SUGGESTED THAT PROCUREMENT MAY BE \$75 MILLION AS OPPOSED TO \$33 MILLION. IF THESE FOUR NEW ESTIMATES ARE TAKEN INTO ACCOUNT, THE \$200 MILLION INCREASED MILITARY PROCUREMENT PROPOSED IN REFERENCE A WOULD BE FULLY COVERED. IN VIEW OF THESE DIFFICULTIES WITH ESTIMATES, MISSION PROPOSES NOT TO GIVE A BREAKDOWN OF THE MILITARY PROCUREMENT GOALS BY COUNTRY. INSTEAD, THE TARGET FOR ALL COUNTRIES EXCEPT GERMANY COULD BE GIVEN AS \$750 MILLION TOTAL, LEAVING IT TO THE ALLIES TO PROVIDE THE DATA ON THEIR OWN PLANS AND TO DISTRIBUTE RESPONSIBILITY FOR MAKING UP ANY DEFICIT. THE SECOND PART OF PROPOSAL COVERING BUDGETARY SUPPORT WOULD BE PRESENTED AS IN REFERENCE A ON A COUNTRY-BY-COUNTRY BASIS.

6. MISSION WILL CONTINUE TO WORK FOR AGREEMENT IN NATO TO REDUCE US COST SHARES OF INFRASTRUCTURE, MILITARY, CIVIL BUDGETS AND ELIMINATION OR REDUCTION OF US CONTRIBUTION TO CEPS DEFICIT WITH THE OBJECTIVE OF ACTION ON THESE MATTERS BY THE TIME OF THE CONFIDENTIAL

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MINISTERIALS. ANY REDUCTION OF US EXPENDITURES ON THESE NATO BUDGETS COULD MEAN A CORRESPONDING DECREASE IN THE AMOUNT OF MILITARY PROCUREMENT AND BUDGETARY SUPPORT REQUIRED. MISSION PROPOSES TO ADD THIS POINT TO THE POSITION OUTLINED IN REFERENCE A.

7. WE REALIZE THAT THERE WILL NOT BE SUFFICIENT TIME BEFORE THE DECEMBER MINISTERIAL FOR OUR ALLIES TO HAVE AGREED DEFINITELY ON A COURSE OF ACTION, BUT A SPECIFIC PROPOSAL NOW WILL ALLOW CONCRETE DISCUSSION AT THE MINISTERIAL LEVEL. TO MAKE THIS COURSE OF ACTION PRODUCTIVE, OUR SECRETARIES OF STATE AND DEFENSE SHOULD BE PREPARED TO FOLLOW-UP FORCEFULLY ON THIS PROPOSAL IN THE PLENARY SESSIONS AND BILATERALLY WITH THEIR MINISTERIAL COUNTERPARTS.

8. IN THE MEANTIME, WE SHOULD MAKE EVERY EFFORT TO REFINE OUR EXPENDITURE ESTIMATES AND TO DETERMINE TO THE EXTENT POSSIBLE WHAT THE JACKSON-NUNN DEFINITION OF "OFFSET" IS TO BE.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 02 APR 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973NATO05713  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS, 12/31/79  
**Errors:** n/a  
**Film Number:** n/a  
**From:** NATO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731165/abqcedmy.tel  
**Line Count:** 160  
**Locator:** TEXT ON-LINE  
**Office:** n/a  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** A) STATE 231268; B) STATE 231357 C) USNATO 5437  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22-Aug-2001 by boyleja>; APPROVED <10-Oct-2001 by boyleja>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BURDENSARING  
**TAGS:** MCAP, EFIN, PFOR, NATO  
**To:** STATE  
SECDEF INFO ALL NATO CAPITALS  
ATHENS  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005